THE IMPACT OF MACROECONOMIC FACTORS ON FOREIGN DIRECT INVESTMENT (FDI) IN MALAYSIA

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ABSTRACT

The objective of this study is to examine the impact of macroeconomic factors on foreign direct investment (FDI) in Malaysia. There are four independent variables are being investigated to gauge the impact of macroeconomic factors to FDI from the year 2012-2016. The indicators are technology, domestic employment, new market size and international competition. This study is determining the relationship between independent variables and the dependent variable by using Pearson correlation and multiple regression analysis. The findings showed technology, domestic employment and new market size had negative and moderate relationships to the impact on FDI in Malaysia. Meanwhile, the findings of multiple linear regressions show technology, new market size and international competition with significant results. The findings also conclude that domestic employment does show insignificant impact of macroeconomic factors on FDI in Malaysia. For future study, it is recommended that new research to do analysis the relationship between the government policies in promoting and develop FDI in Malaysia.

Keywords: *FDI, open economic, domestic employment, real Gross Domestic Product (GDP), new market size and international competition.*

ABSTRAK

Objektif kajian ini ialah untuk mengkaji kesan faktor-faktor keatas makroekonomi terhadap pelaburan asing di Malaysia. Terdapat empat pembolehubah bersandar yang dikaji untuk melihat kesan makroekonomi kepada pelabur asing di Malaysia dan kajian juga dilakukan diantara tahun 2012-2016. Pembolehubah yang terlibat ialah teknologi, pekerja tempatan, pasaran baru serta persaingan antarabangsa. Selain itu, kajian ini melihat kepada hubungan diantara pembolehubah bersandar dengan pembolehubah tidak bersandar melalui analisis korelasi Pearson dan kepelbagaian regrasi. Keputusan menunjukkan pemboleh ubah bersandar seperti teknologi, pekerja tempatan dan pasaran baru menunjukkan hubungan yang negatif serta sederhana yang mana pemboleubah ini telah memberikan kesan kepada pelabur asing untuk melabur di Malaysia. Selain itu, keputusan yang diperolehi daripada analisis kepelbagaian regrasi menunjukkan hubungan yang saling berkaitan diantara teknologi, pasaran baru dan persaingan antarabangsa. Secara kesimpulannya, pembolehubah seperti pekerja tempatan pula tidak menunjukkan hubungan yang berkaitan di dalam memberikan kesan kepada pelabur asing di Malaysia. Untuk kajian yang seterusnya, pengkaji digalakkan untuk melakukan kajian terhadap polisi dan hubungan diantara pihak kerajaan didalam memasarkan serta membangunkan pelaburan asing di Malaysia.

Katakunci: *Pelabur asing, ekonomi terbuka, pekerja tempatan, pembangunan ekonomi, pasaran baru dan persaingan antarabangsa.*

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Gross domestic product	GDP
Gross national product	GNP
Technology	T
Domestic employment	DE
Economic growth	EG
New market size	NMS
International competition	IC

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This paper explains about the impact of macroeconomic factors on foreign direct investment (FDI) in Malaysia. The objectives of this paper are to study the impact of macroeconomic factors on FDI in Malaysia and to show the proof of the co-integration the relationship with macroeconomic factors and FDI in Malaysia.

The strong FDI during Global Financial Crisis 2007-2008 has benefited too many developing countries including Malaysia and FDI as consider a private capital inflow of choice. Although, FDI is a substantial evidence that such investment can being benefits to host countries. Based on that, the countries must gauge its possible impact with carefully.

1.1 Background Of Study

In Malaysia, FDI has played a major role in a long term growth. The competitiveness and attractiveness of government pro-business policy has attracted several foreign investors to invest in Malaysia. Malaysia has also improved to attain the 20th position in the World Economic Forum (WEF) Global Competitiveness Report; the first emerging country to make it to the top 20. In 4Q14, FDI inflows increased by RM2.5 billion to RM10.2 billion from 3Q14, which bring the entire RM35.1 billion 2014 FDI inflows to Malaysia. In addition, Malaysia has jumped 10 spots to number 15 in 2014

based on Foreign Direct Investment Confidence Index (FDICI) report, suggesting that the country continues to enjoy widespread confidence among business leaders.

The first impact of macroeconomic factors on FDI is realised when new investment provide and give positive impact to foreign firms with opportunities to the domestic firms by introducing the new technology and machinery or equipment as well as creating new demands for local inputs and thereafter make impact to FDI. Economic growth, technology spill over and increase in employment rates provide a positive impact to FDI. The main elements for this impact of foreign technology and products by foreign firms are creation of linkages between foreign and domestic firms. Alfaroe (2006) suggested that FDI is a main important play in modernizing on national economy and promoting economic development example Malaysia.

1.2 Problem Statement

It is hard to imagine Malaysia's economic development without the contribution of FDI. Malaysia has been considered one of the darlings of FDI in Asia. Despite seeing the strongest growth in FDI inflows among Asian countries, Malaysia continued to lag compared to its neighbouring countries particularly Singapore, Indonesia and Thailand, in terms of total receipts. In Asia, Malaysia ranked the seventh top FDI recipient in 2014. One main concern is that the investment level in the sector that is relevant to the achievement of sustainable development goals remains inadequate or is commonly called the “ecosystem approach”.

Ecosystem approach brings an integrated and holistic approach to promote the entire value chain of industry clusters for both manufacturing and services. This approach is

also in line with Malaysian Investment Development Authority (MIDA) on CEO Datuk Azman Mahmud. Datuk Azman Mahmud mentioned that Malaysia should continue to embark on and adopt the "ecosystem approach" in developing to manufacturing and services sectors and automatically make effort to promote investment with economic growth. The next inquiry is what criteria can contribute to overcome the competition from the neighbouring countries on FDI. An effective means is refer to above question would be investigating the attractive foreign investments in mix markets.

Nowadays, more countries link with in global competition and therefore, the market is changing and becoming more demanding. Malaysia has relatively low unemployment which can be deduced from the unemployment rate of 2.8% in 4Q14, compared to 3.7%, the highest percentage recorded in 2010. More structured and contingency approach to competitive labour costs to attract foreign investments may be required. Malaysia is no longer considered a cheap labour market and its people are more selective in the jobs they take. This is due to higher education level attainment, higher expectation and higher income to cope with the increase cost of living. The increase of labour cost in the long run could make a negative impact on Malaysia's FDI because investors will divert their attention to new emerging markets with lower cost of labour to increase their profits. To prevent this from happening, labour or domestic employment has an important task to promote inward investment to give a rise to FDI in Malaysia.

The world is an uncertain and massive changes marketplace. International politics, economic trends and the forces of nature in Malaysia have rising effect in attracting

FDI. Inconsistent government policies played a part in turning investors away. At the same time, the poor and low-income or third world countries in the region are opening their economies to the outside world. These emerging economies are offering incentives that Malaysia has difficulties to cope. Previous, this study examines the criteria of FDI use in their beginning operation in foreign markets to increase Malaysia's economy through this open trade and acquire a lasting interest in Malaysia's economy.

Others researcher said had a negative impact of macroeconomic on FDI. Haskel (2007) reported that there was no productivity increase which in turn affected FDI to join in the emerging markets. Even though this study refers to other developing countries, researcher raises the same concern with Malaysia which is still a under developing country. Similar situation happened to Brazil, Thailand and Turkey. Even though, GDP growth performs well on FDI, there are some negative impact such as unfair international competition, monopolization of time, technological dependency and weakening for new market. This cases because a growing economy indicates a lot of numerous a problems faced by domestic firms in developing countries to maintaining a competitive edge. Enhancing export performance will give a negative impact to these governments who then are forced to implement policies to render assistance to local companies. Nevertheless, the global marketplace acts to ensure growth, survival or competitiveness of FDI.

However, the above study did not focus on the negative impact, but more focussed on the positive impact and the relationship of the macroeconomic factors on FDI in Malaysia. Although, the impact of FDI may not be limited to direct impacts within

foreign-owned firms, it may spill over to productivity and employment in domestic firms. Therefore, this research is giving more focus on the impact of macroeconomic factors on FDI in Malaysia.

1.3 Research Questions

The following research questions are formulated in order to attain the research objectives, which is are based on the problem statement of this research.

i. Is there any relationship between technology and FDI?
ii. Is there any relationship between domestic employment and FDI?
iii. Is there any relationship between economic growth and FDI?
iv. Is there any relationship between new market size and FDI?
v. Is there any relationship between international competition and FDI?

1.4 Research Objectives

The objective of this study is to determine if there is a relationship between macroeconomic factors and FDI, and the hypothesis of this paper is to study the impact of the macroeconomic factors on FDI in Malaysia's economy. The purpose is to examine the understanding and also to identify the technology, domestic employment, economic growth, new market size, and international competition impact of FDI in Malaysia. Hence, the specific objectives of the research are as stated below: -

i. To examine the relationship between technologies and FDI.
ii. To examine the relationship between domestic employment and FDI.
iii. To identify the relationship between economic growth and FDI.
iv. To identify the relationship between new market size and FDI.

v. To examine the relationship between international competition and FDI

1.5 Significance of the Study

The significance of this study will give a slew of ideas to the Malaysian government to suggest greater technologies that will give an impact on FDI. Policy-makers or governments can encourage and emphasize the potential benefits of FDI can bring the positive impact to the foreign-owned firms and domestic firms. Investors can represent positive externalities to the host country thru the productivity spill overs and directly increase productivity in domestic or foreign-owned firms that may lead to be a higher incomes, better working hour or conditions to more employment to the locals. This may explain why policy-makers have sometimes treated foreign investment more favourably than investment by domestic firms. Accordingly, because of this impact, governments side try to developed many policies to encourage inward FDI into Malaysia. The increased productivity in domestic or foreign-owned firms may lead to higher income, better working conditions and more employment to the locals.

1.6 Scope And Limitation Of The Study

The scope of this study would cover the impact of macroeconomic factors to FDI activities in Malaysia. The scope of this study is also extended to the latest updates and challenges of the current situation of Malaysian's economy and how the situation will impact on FDI in the future. Besides, this study intends to identify and discuss the impact of factors on FDI in Malaysia. The rationale is to evaluate and examine the long term impact of macroeconomic factors on FDI Malaysia.

1.7 Organization Of The Thesis

The structure of the paper is as follows. Chapter One discusses the background of this research, the problem statement, research questions and research objectives. From the research objectives, the research questions are formulated. The findings of this study are related to the significance of this study. The scope of this study covers the impact of macroeconomic factors to FDI in Malaysia and the relationship of the variable and FDI. Chapter Two discusses the literature review of this study. After reviewing different studies in the literature review, the methodology of this study will be revealed. Chapter Three is more focus to data collection and the methodology. This study uses the quantitative and qualitative method. Researcher chooses the mixed method to compare the current results and the results of previous studies. Chapter Four summarises the main results from this study. The analysis of the data will provide the answers to the research questions. The conclusion and recommendation chapter five focus on how to improve the situation of FDI in Malaysia. This study shows that macroeconomics factors have shown an impact on FDI. The results should be interpreted with care because the data are subject to a number of that give rise to potential biases and can contribute to an overestimation of the causal impact of FDI. Thus, other researchers are encouraged to follow-up on this study to find a solution or minimize the negative impact of macroeconomic factors of FDI in Malaysia.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

During the years, the importance of foreign direct investment (FDI) in the world economy has increased rapidly. There are many studies that discussed the relationship between the macroeconomic factors on FDI. This section reviews the literature on the impact of macroeconomic factors on FDI in Malaysia.

2.1 Theory Of FDI

The theory of the FDI is a macro level theory. This theory discus about the variable and dynamic borders and interact with capital market theory, dynamic macroeconomic, exchange rates, geography, gravity approach to FDI and lastly, institutional analysis.

The Canadian economist Stephen Herbert Hymer (1934-1974) is among the first theoreticians of the FDI. He considered of the theory of the FDI which explained the motivations for internalization. In 1960, FDI is determined by interest rates only.

Next is Dynamic macroeconomic FDI theory. This theory discusses about FDI in the long run. It functions as Transnational Corporations (TNC) strategies. Based on the FDI theory, investment to FDI depends on the changes in the macroeconomics environments, example inflation and deflation which will affect the economy and has long term effect on FDI. The impact of macroeconomic on FDI is found to be change

in the level of income of the host country; GDP growth, Trade Openness and FDI stock. There are to be statistically significant and influencing FDI flow towards an economy.

Third is an exchange rate on FDI Theory. This theory discusses about the relationship of FDI flow and exchange rate. This theory which has been discussed by previous researchers is related to FDI and exchange rate. Xing (2006) has concluded the FDI in Chinese manufacturing sectors from 1981 to 2002 has significant with real exchange rate and FDI. Klein and Rosengren (1994) reported a significant correlation between USA real exchange rate towards FDI its. Their study has helped seven industrial countries and it spanned from 1979 till 1991.

FDI theory is also related to economic geography. This theory tries to explore the creation of international production. Similarly, to the previous discussion, researcher has already discussed on international production and its relationship with new market size.

Next, the theory of FDI has a gravity approach to FDI. These theories discuss about two countries that are involved in investment and at the same time created the relationship of economic and business.

The last one is on FDI theories based on institutional analysis. This theory discusses about the importance of the institutional and political stability to give impact and build relationship with FDI.

2.2 FDI

FDI is the net inflow of investment to acquire a lasting management interest in an enterprise operating in an economy. FDI is the sum of reinvestment of earnings, equity capital, long-term capital, and short-term capital as shown in the balance of payments.

FDI is a capital that transfers from one country to other countries, either direct investment or as portfolio investment. Direct investment prefer to real capital formation in a company with total foreign capital. Portfolio investment refers to purchase by foreign investor or share with local company or in other words, its joint venture.

Usually the impact macroeconomics element toward FDI is brings a positive impact in a long term to the economy and GDP of the host country, and in turn affect to and income per capital. In the many countries, FDI leads and make an increase in number of firms in the all sectors. Thus, the sectors have competitive structure and create the competitive advantage beside the firm. In conclusion, in the long term, FDI can make profit but not in short term because FDI is not supported in productivity.

Even then, most researchers agreed on the highest technology that is impactful on FDI. These automatically effect the production and increase the quality of the product.

2.3 Literature Review

In the literature, there are many studies analyzing the impact of macroeconomic factors on FDI and usually the impact shows a positive result. Based on other studies, researcher is aware of the impacts that comes with more resources and have a different effect through the independent variable (IV).

According to Masoud, Keshminder, Chung (2013) analyzes the macroeconomic factor being impact to growth performance in the investment movements of 83 developed and developing countries. FDI more prefer to controlling interest from outside or overseas firm by an investor or the setting up of a subsidiary to a foreign country, and the direct investor exerts is a significant influence to encourage in the local enterprise management. Furthermore, long-term relationship, that involves with ownership and control of a business abroad. FDI is different from portfolio investment because of the possession of at least 10% of the ordinary or voting power in the host enterprise. Krugman & Obstfeld (2009), the characteristic feature involves not only a transfer of resources but also the acquisition of control.

Nevertheless, from the econometric modelling in macro of FDI, two main factors can be retained. Morisset (2000) discussed about market size, natural resources and fiscal monetary policies is relate with economic factors to encourage the impact toward FDI. Same with Jean Baptiste (2010) more refers to institutional variables example good governance, political stability and investment climate at the same time is contribute to impact of FDI in Malaysia.

2.3.1 Technology

The developing countries like Malaysia who does not participate in creating new technologies, may use them, thanks to FDI because it brings the technologies through investment**.**

Siew-Yong Yew (2010), in his study, reported that improved communication and transportation had made coordination of cross border trade and made it easier to the local and foreign investors to invest and make new products. New products can encourage or influence new FDI to support industries in Malaysia. Here, researcher can see the relationship and the positive impact. Technology or communication can give impact on FDI, and Siew-Yong Yew shows the relationship thru the coefficients test. Technology contributes 2.34 or 23.4 % of significant levels respectively.

According to Supravat Bagli (2014), new technologies produce positive externalities through technology spillover and gain and support FDI which suffer from the problems of deficiencies of technologies. Besides that, to introduce the appropriate new technology, policy marker or government must encourage public or labour to refer the technology.

Sherah Kurnia (2015) discusses about the relationship between technology and the impact on FDI. Technology (31.1%) gives weak impact to FDI, but still contributes and has a positive relationship with FDI. Referring to S. Kurnia, technology still provides an impact to FDI even to those under the weak relationships. This happens due to the small data collection. S. Kurnia did a correlation test based on 180 surveys from 300 surveys. The returned survey forms were lesser; about 60%. The data was

too small a number but the analysis indicated the existence of a relationship but the results was a weak correlation.

According to Raymund B. Habaradas (2009), technology can upgrade the skill training and automatically can increase the productivity and other programs related to FDI. Through technology, government can do programs to design and improve the productivity of technology upgrading.

David Bennison (2006) is more focused to technology as a macro factor to FDI. For example, economics of scale can promote FDI. Here David tries to convince the public about the technology being impactful to FDI. The technology gap between large and small retailers is becoming increasingly small and make economic of scale to FDI Malaysia.

David Smallbone (2012) agrees with the contribution to the development of the high level of technology. The developing countries are grateful to technology because of its participation and creation of new technology. Technology innovation refers to the implementation to influence competitiveness of the economy and its development in the host country. FDI is not only for capital inflow, but also for modern technology, skills and technology for organisational innovation. The host country creates favourable conditions for investment by transnational corporation and being a positive influence to FDI in Malaysia.

2.3.2 Domestic Employment

According to Mariam Khawar (2015), FDI and income per capita of human capital have strong relationship. Human capital or employments are satisfied with the high level of development because of income stability every year based on the economic scenario. Stability of income automatically can encourage demand and impactful to local goods and services, especially FDI. Refer to correlation test; purchasing power by employment is strong significant (87.98%) to gross or income. Here, researcher want to mention that increase of income can encourage the purchasing power of individual to local and international product.

Chen–Chang Lo (2013) discusses the relationship of domestic employment, economic growth and international competition which give impact on FDI in developing countries such as Malaysia. According to the relationship, researcher finds the relationship is a weak relationship but it still contributes to FDI as a DV. Based on the correlation test, domestic employment and international competition show 35.0% and 39.0% respectively. Economic growth indicates 12.0% and has very weak correlation. Researcher deduces that one of the reasons for this is the data collection from previous researcher is more than thirty-one years and it is considered too long for the data to be considered as acceptable.

Wen-Hsien Liu, Pan-Long Tsai, Ching-Lung Tsay (2015) state that domestic employment promoted Taiwan as a major net capital exporter in developing the world through mass production. Increasing in production increases income distribution and domestic employment per capita.Before the introduction of FDI in Malaysia, domestic employment categorizes under job loss at home. This issue had been much debated

over the last two decades. Developing countries such as Taiwan has negative employment due to FDI. Taiwan has been actively involved in the manufacturing of foreign investment. The benefits are aplenty. One of them is spill over of knowledge and another is skill. FDI brings together the knowledge and skill to host workers. Unemployment is high among the unskilled labour. Domestic employment has aimed at reducing production cost from expanding. With technology and skilled employees, production can reduce the cost and create a quality product. With domestic employment, FDI can produce different products to satisfy customers.

Chuie–Hong Tan (2012) discusses the impacts of labour skilled toward FDI. According to Chuie-Hong skilled labour brings more benefits and gives positive impact on FDI. Other benefits are an increase in the local skill. Top management can practice transfer based on qualification of the workers, skill enhancement, competitive advantage through producing high quality products, generating technical progress and improving market of efficiency and networking international level, the training of higher skilled professionals and works. Local workers can learn the skill too. The agreement of sending skilled workers to assist in raising local production or learning the skills from the expatriates are a plethora of ways for the local industry to move forward. Malaysia needs to raise human resource capabilities to invest in human capital through higher education and professional training. Polishing of skill of the human resource is crucial for transnational and multinational companies and human resource department must know how to examine the extent to which immigration of skilled workers impact of FDI inflow into Malaysia. Analysis from other studies states the domestic employment as being on a positive side. Results indicate that market size and low level of labour cost are crucial to welcome investment.

Moreover, the ability of Malaysia to develop and employ highly skilled talent is of critical importance in maintaining a long term competition. Demonstration effect refers to technical level of host countries and skill of staff or other researchers. Competition effects refer to foreign firms that may force rival domestic firms to upgrade production techniques in order to remain competitive and productive. In conclusion, domestic employment gives an impact on FDI in Malaysia.

On one hand, Supravat Bagli and Manikal Adhikary (2014) reported that employment opportunity of the country can create relations with FDI while giving negative impact to FDI. For instance, coefficient in the growth of population has shown that it has a negative effect on FDI during the period of liberalization. This implies that the growth of population is fails to meet the demand for productive labour in the economic growth; rather it increases the unproductive consumption expenditure. To show the impact between IV and DV, Supravat Bagli, prefers multiple linear regressions (MLR) test. From the test, capital formation or domestic employment shows the 0.129292 of insignificant level.

On the other hand, Masoud Rashid Mohamed (2013) stated the human capital or domestic employment has no impact on FDI in the long term. As referred to unit root test, human capital or domestic employment variable is non- stationary at the respective levels. MLR test is not applicable for non-stationary IV and obviously, a researcher would be able to identify its reliability.

2.3.3 Economic Growth

Free trade or FDI has been referred to accelerate the development on process to show on good economic by many economically advanced nations during the early twentieth century. Fast expanding trade activities act as a stimulus or process to growing of local demands that led to establishment of large-scale industries and auto increase the level of exports. Now, Asian countries, export growth increased up to 10% per year. Exporting goods or services to developing countries, for example to ASEAN countries, truly have positive relationship with economic growth. FDI support about 80% for investment and industry in Malaysia.

G. Barathi (2008), discus about the economic growth being impact to FDI. As proof, MLR result shows the 0.000 of significant level between the economic growths with FDI. Past studies explained that with good financial planning and investment, there will be positive impact of FDI in the host countries because local industry can reduce the debt and maintain low cost to encourage the production of the products. Furthermore, relationship with FDI and local enterprise has important implications for local development policy. Development policy provides outcomes in relation to the current economy. Development from different country can provide direct economic benefits.

Mariam Khawar (2005), the main result from the analysis, they have evidence of an impact between gross domestic product (GDP) and economic growth toward FDI. Refer to correlation matrix, economic growth contribute 0.7195 or 71.95 % and has a strong relationship with FDI.

According to Zafar Iqbal (2013), China is in far better position in economic growth and infrastructure, compared to India, after China welcomed FDI in her country. According to this, researcher can release the economic growth and give positive impact to FDI and influence investor to maintain or increase the investment on FDI in Malaysia. According to Ibrahim Dogan (2014), the impacts of economic growth is through in capital stock and have a relationship with FDI, and will accelerate to increasing the growth of domestic product (GDP).

Bashir Ahmad and Zaheer Khan (2011) reported that economic growth can speed up the development of a country through FDI. Increasing the economy can encourage FDI to invest in the host country. This world-wide believe the benefited or impact of FDI has encouraged policymakers in developing countries to attract more foreign capital to invest in the local market and at the same time the good of offering, example the tax incentives and give subsidies to investor can be reduce the barriers to FDI. Policy maker or government side believing that FDI can promotes economic growth.

According to Siew–Yong Yew (2010), FDI has spread into ASEAN countries in the 1990s. In recent years, ASEAN countries suffered due to economic downturn. Manufacturing FDI has been increasingly attractive to the region although specific locations have shifted as some countries have moved up the value chain. Reduction in trade cost leads to increased profit opportunity and creates a competitive advantage. Other researchers said that the existing stock can increase FDI and makes an impact to the economic growth.

According Wen-Hsien Liu, Pan-Long Tsai, Ching-Lung Tsay (2015), FDI is important to developing countries. For example, Malaysia is ranked number 70th top developing economy FDI recipients in 2002, which amounted to around 3 billion. This positive trend is an influence from other developing countries, for example Taiwan.

At the same time, FDI is active in export-led economic growth and employment generation. GDP level of the host country reflects the purchasing power of the host country and at the same time represents its market capability. Sailesh Tanna do the correlation matrix test to prove this. Result of correction matrix show the economic growth is also a positive relationship, 0.24 or 24.0% of correlation. Refer to rule of thumb, economic growth have a positive relationship with FDI, even though under the weak correlation.

Masoud Rashid Mohamed (2013) explains the impact of FDI that is more focus to new investment opportunities to domestic firm. New opportunities refer to facilities and government policies to make sure the process is going smoothly. Masoud states that FDI can assist in the domestic investment. According to Masoud too, investment and economic growth FDI can make the contribution to capital accumulation, for example transportation to local industry and direct impact of FDI. Refer to unit root test, economic growth variable are non- stationary at the respective levels. The result indicates that variable is significant at first difference.

Piers Thompson and Wenyu Zang (2013) define three factors make impact on FDI in Malaysia. First impact is the generation of new entrepreneur. Economic growth

encourages new entrepreneurs from the host country. Government policy and facilities give more reason to the new entrepreneurs to join FDI too. Secondly, demand for quality goods and services are required. Demand and supply for local products by the international market will encourage local business to create new profitable products and services. Lastly, is to provide support to the local industry. According to Thompson, these three factors are able to encourage the host country to attract FDI for sustainable economic growth in the long term.

2.3.4 New Market Size

In developing countries like Malaysia and ASEAN, the countries under small market size and resource availability of individual is the main problem. Small market size refers to a small market team and is to struggle when to compete with others industry on financial side, capital and against teams from larger markets and therefore also outbid in the competition for top talent. This has led to calls for luxury taxes, revenue sharing , or salary caps in order to ensure competitive balance or parity.

According Siew Yong Yew (2010), for ASEAN or developing countries, the promotion of a new market size through economic integration is crucial and gives a positive impact to FDI. New investment and new idea also make a new product and automatically be in the new market to FDI. Refer on regression test, new market size give impact on FDI. New market sizes contribute 3.54 or 35.4 % of significant levels respectively.

Chen- Chang Lo (2013), new investment and new market can encourage FDI and automatically convince multinational firm and transnational corporation to enter into

their market and make substantial investment. Thru the correlation test, there is a positive correlation with new market size and FDI. In other word, market size being impact to FDI with 45%.

Sailesh Tanna (2009) discusses on new market size in the economy which gives an impact to FDI. Through this study, new market size still gives a weak positive relationship to DV with the value of correlation is 24.0%. Referring to S. Tanna, new market size still contributes to FDI but under the weak relationship because the data collection is too high. S. Tanna collected the data from 75 countries including the first world countries to the third world countries; covering the period from 2000-2004. Even though the period is less than 5 years, but the data is more. The average of the correlation is low compared to when the researcher did the collection of data under the simple data collection.

According to Alexandru Loan Cuza (2012), the global economy revealed the necessity of modernizing the infrastructure of facilities. Facilities such as transportation and communication can increase the FDI and in turn increase the market size. Correlation between the evolution of foreign capital and the exchange rate fluctuates and the volatility of commodity price on international market is good to support FDI in Malaysia. Based on Alexandru, international capital can influence national welfare through promotion of competition on domestic market size, positive and increased innovation as well as helping the population economically or become a host country to FDI.

Masoud Rashid Mohamed (2013) stated that market size is preferable to new demands for local input or new industry in the host country. New market size can create new demands to our customers in the new era. Previous customers just focus on local products but now because of the new market size, customers can increase the demand for new products and services with additional technologies and stability of economy. Now host economics have a new industry and customers can choose a better product or service. Masoud stated that the new market and industry give an impact to FDI in the manufacturing sector especially in Malaysia since year 2000 after the economic downturn in 1998 and 1999.

According to David Smallbone (2012), FDI can offer opportunities to the host country and make contribution to the development of a balanced structure of enterprise in an economy, in which economies of scale are combined with the flexibility of FDI in a new market.

The growth of FDI depends on the new market size factor. Other definition of market size is foreign market in which firm invests in other countries or participate in the open trade. Good business environment of the host country gives a positive sign to attract FDI. Foreign investor is motivated by the labour cost, but human capital a fundamental element of increased per labour productivity, is likewise a significant determinant of FDI in flow. In conclusion, opening for market size can create trade openness and per capita income growths are significantly related with each other, thus, the open trade can increase the economic growth.

2.3.5 International Competition

Refer to Ali Sen (2011), FDI movements not only give firm to access beyond the borders opportunities but also international competition. This situation need all the firms to have more institutional structure in order to survive and to act according to consumer choices and at the same time adapt innovation process. Liberalization of financial markets includes the global identity to production and competition and also takes the consumers to beyond the borders. Hence, all firms have to consider not only the consumers in origin countries but also have to consider the consumers outside included in the economic and cultural structure, consumption behaviors and level of development of countries. That is, when a firm to side in considers consumer choices, its competiveness and trying to being a consumer maximum of utilities and deserves to join international level of economy. Reported that FDI can increase the number of firms, and the sector has more competition structure. Customer can choose with product or service they want. As a local firm, they should encourage themselves to improve the quality of the product.

Sailesh Tanna (2015) discusses about other facilities, for example banking institution, credited facilities, and economics of scale can increase the international company and create competition from outward to inward and make sure all the product gains the international competitive level. This scenario automatically can encourage positive impact of international competition on FDI in Malaysia.

According to Zafar Iqbal, Imran Masood and M. Ramzan (2013), because of the positive impact from international competition, many countries such as China opened their doors to FDI and at the same time provided the low labor cost.

G. Bharathi (2008) investigates the impact of macroeconomics on FDI is to create the international competitive to the local industry. International competitive can encourage international industry to produce a new product at same level with international product. International competitive inflow of FDI is likely to promote the export. GDP and export are expected to be positively influenced by FDI. The importance of FDI is not only generating economic activities and job, but equally in facilitating transfer of technology and managerial capabilities, which help enhance the global competitiveness.

Zaheer Khan and Bashir Ahmad (2011) examine the impact of trade liberalization which has a positive impact or growth rate for countries because the host country can get all the benefits from a foreign industry. Industry knowledge and marketing strategy can learn from foreign industry. New product from foreign industry can gain the competitive advantage to the local industries. International competition automatically can encourage local industry to organize competition and make competitive advantage available to local industry to increase the quality of the product and customer satisfaction.

Note that competitive advantage can increase stock of existing or local industry and can participate in international competition too. From international competition, local industries gain the economic integration and motivated to produce good product and service. Based on the relationship, current researcher can state the international competition and has are positive impact with FDI. To show the impact between IVs and DV, Supravat Bagli (2014), prefer do multiple linear regressions (MLR) test. Through the MLR result, international competition indicates the 0.011784 of significant level.

In Alexandru Loan Cuza (2012), the positive impact of FDI in the host country is determined by conducting them in the long run, ensuring a high level of stability. The beneficiary countries developed various strategies to attract foreign capitals, preferring them over other capital sources because they do not raise public debt and have a positive impact on the balance of payments by reducing the deficit. Capital outflows as part of the profits repatriation depend on the economic result of the enterprise, answering the interest of the investor and the state that encourages economic development.

Chen–Chang Lo (2013) discusses the relationship of international competition gives impact on FDI in developing countries such as Malaysia. Referring to the relationship, researcher finds the relationship is a weak relationship but it still contributes to FDI as a DV. Refer on the correlation test, international competition show 39.0% of significant level.

2.4 Chapter Summary

The conclusion for this chapter is being more focus to previous studies on the impact of macroeconomic factors on FDI in Malaysia in the long run. Based on this topic, researcher can understand more and find the impact is different, based on the variable. For example, the impact from technology is more to process of production and technology spill over. From there, researcher can collect the data based on the difference impact of every single variable. Previous researcher gives the different impact based on their own research, and the next researcher who follow-up this study will get proof based on the results of correlation and regression about the impact of macroeconomic factors on FDI in Malaysia

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter will discusses on research methodology analysis employed in this study. This section explained the research design, data collection, and research framework and data analysis.

3.1 Research Framework

Research framework shows the independent variables (IVs) and dependent variable (DV) of the study. The IVs are the factors that may show possible effects on the others variable (DV). Based on reviews of past studies, this study presents five IVs namely technology, domestic employment, economic growth, new market size and international competition. Dependent variable, the central focus of this study was represented by foreign direct investment. Figure 3.1 shows the research framework.

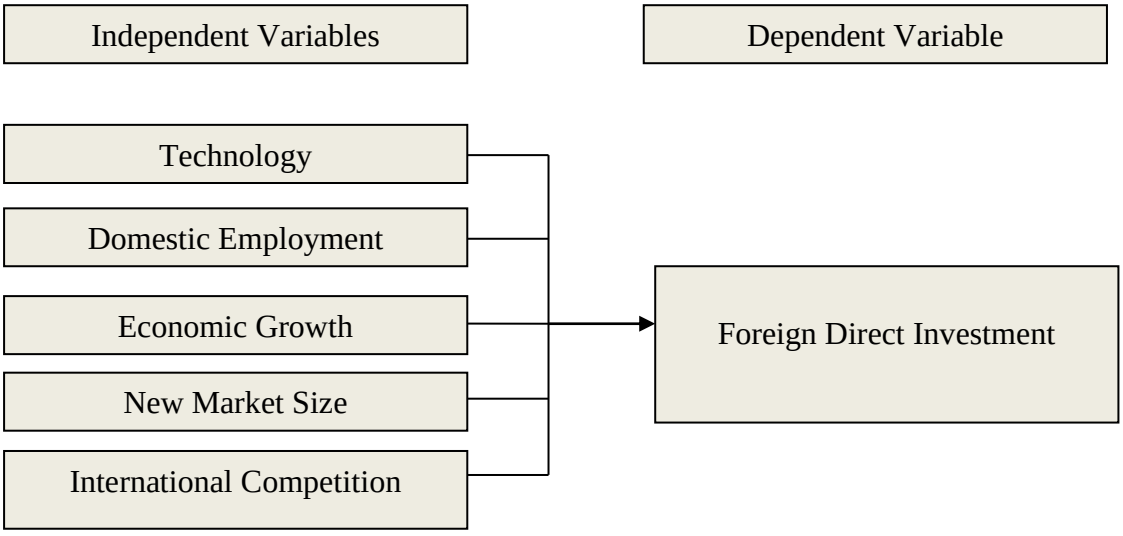

Figure 3.1
Research framework

3.2 Hypothesis development

A hypothesis is a formulation of potential solution to a problem in the form of a statement. One of the characteristics of a hypothesis is to show the relationship between IV and DV. In this study, there are five hypotheses pertaining to the research questions. The hypotheses are as stated below.

Foreign direct investment (FDI) is said to be one of the major sources that contributes to economic growth through capital accumulation, technology transfer, and knowledge spill overs. Based on previous studies' results, researcher found a relationship between technology and FDI. Through technology, researcher focused more the collection of data in the process of technology to find out how this IV can transform and give impact to the economy. Researcher wants to know whether technology can increase the production and make spillover of knowledge to the host countries, especially to the labor. According to Siew–Yong Yew (2010), technology and infrastructure are significant in attracting FDI. Technology can encourage FDI to stay in developing countries because of the cost still under profit compared to developed countries.

H1 There is a positive impact between technology and FDI.

FDI may create employment opportunity to the hose country. Here researcher can find the significance based on data collection. Through this IV, researcher focuses more on domestic employment and productivity. Piers Thompson and Wenyu Zang (2014), argued domestic employment gives the positive impact to FDI because of the transformed knowledge that indicates the key determinant of productivity spillover

and technological capacity of domestic firm. Transformed knowledge can encourage local productivity and increase in demand.

H2 There is a positive impact between domestic employment and FDI.

FDI referred as the "engine of economic growth". The results, stated to have a strong relationship between economic growth and FDI. Huay and Hui (2006) stated FDI make a positive impact on per capita income growth only for those recipient countries that reach a minimum human capital. Ali Sen (2012), reported that in the short run, economic growth did not bring any impact to FDI because the capital movement is not permanent. However, in the long term, economic growth can motivate and make an impact on FDI and at the same time can increase the employment rate.

H3 There is a positive impact between economic growth and FDI

New market size referred to a new market team existing to larger market and ready to compete with market and must struggle from financial, capital and competition side. To prove this hypothesis, researcher found data based on new business from SSM. Chen–Chang Lo (2013) defined market size as the level of development and the wealth of the country. To explain the most important and relevant factors of FDI flow, researcher refer to registration of new business in the local market. Market attractiveness, is represented by real GDP growth and real GDP per capita. Moreover, it is expected a positive relationship between market size and FDI.

H4 There is a positive impact between new market size and FDI.

FDI movement makes relationship with international competition. To prove this hypothesis, researcher is more focused to liberalization and innovation of financial market global identity to make new goods and services and automatically make competitive trans be high in communication, transportation and facilities. According to Bashir Ahmad and Zaheer Khan (2011) trade openness give impact to FDI because it makes the competitive advantage and international competition to industry. Export has tended to grow faster in the countries have experienced in the international competition and simultaneously more liberal trade policies. Liberal trade policies is one of tool can pursued the international or FDI to invest in host market and make positive competition.

H5 There is a positive impact between international competition and FDI.

3.3 Research Design

This study used descriptive quantitative research methodology. According to Saunders, Lewis, & Thornhill (2009), research design is the instruments or technique use in a research to collect data and is considered a fundamental in the research process. It is built upon to support the research objectives and should be based on the pre-selected research methods.

3.4 Data Collection and sample size

Data in this study are secondary data collected from the government firm was used as primary data in this study.

In this study, the secondary data from the publications of three selected organizations as well as information placed in their official websites were used. Hence, reports from

Data of Statistics Malaysia (DOSM), Suruhanjaya Syarikat Malaysia (SSM) and Malaysia Informative Data Centre (MysIDC) were used. Besides, annual reports from that three organizations, magazines and articles published in the popular newspapers were also examined.

3.4.1 Technology

Technology gains the competitive advantage on FDI. Similar to economic growth and market size, all the data, info and justification can provide positive impact between macroeconomic factors and FDI. Researcher collects data from DOSM and focuses on sector. In Appendix A, technology is shown to increase annually and total of sample size is 60 month in 5 years.

3.4.2 Domestic employment

Based on data collection from statistic and annual report, researcher gathers the total number of domestic employment and data from Labour Force Survey, DOSM. Besides, total number of workers or labour has increased every year because of the knowledge spill over and the increasing of labour can create positive impact on FDI. Appendix B shows the number of labour or domestic employment in Malaysia and total of sample size is 60 month in 5 years, from 2012 until 2016.

3.4.3 Economic growth

Researcher focuses on GDP and income per capita and discusses on the relationship and the impact of GDP on FDI in Malaysia. Referring to the data collection in Appendix C, GDP Malaysia increases every year and has an impact on FDI and total of sample size is 60 month in 5 years, from 2012-2016.

3.4.4 New market size

New market size is new market exists in the economy and has an impact on FDI through new investor. (Refer to Appendix D). Researcher collects the data from SSM. New market size or new business shows the increase and decrease in every economic year and total of sample size is 60 month in 5 years, from 2012-2016.

3.4.5 International competition

International competition encourages the local product to compete with international product through the liberalization and innovation. Based on the data, researcher is aware of the situation of this IV through the balance of trade on FDI in Malaysia. Appendix E shows the increase and decrease balance of trade and impact with international competition and FDI and total of sample size is 60 month in 5 years, from 2012-2016.

Appendix F presents the FDI income in Malaysia from 2012 until 2016, and total of sample size is 60 month in 5 years. Researcher collects the data from DOSM. There are five sectors under the FDI in Malaysia which is manufacturing, service, construction, agricultural, and quarrying. Manufacturing show the highest of the total income.

3.5 Techniques of Data Analysis

Data analysis was performed to test the IV and DV. There were two types of analysis used in this study, namely descriptive and inferential analysis. All data were analysed using Statistical Package for the Social Sciences (SPSS) version 21. The results determine the significance of each IV and DV.

3.5.1. Descriptive Statistic

Descriptive statistics is present in a numerical data. Descriptive data were presented in the form of mean, standard deviation, minimum and maximum. Hence, first research objective was analysed using descriptive statistics. Descriptive statistics are analyst for trend of economic growth, increasing of new market size, and the impact of international competition.

3.5.2 Inferential Statistic

Inferential statistics takes data from a sample and makes inferences about the larger population from which the sample was drawn. Because the goal of inferential statistics is to draw conclusions from a sample and generalize them to a population, researcher needs to have confidence that sample accurately reflects the population.

3.5.2.1 Unit Root Test

Unit root tests are tests for stationary in a time series. A time series has stationary if a shift in time does not cause a change in the shape of the distribution; unit roots are one cause for non-stationary. Prior to correlation and regression tests, unit root test was performed to check for the stationary or non-stationary of every single IV and DV. Refer to Augmented Dickey Fuller (ADF) test; the basic objective of the test is to test the null hypothesis. Dickey Fuller (DF) stated null hypothesis versus alternative hypothesis, where null hypothesis series contains a unit root, and alternative hypothesis series is stationery. After completed the ADF test, and the result shows reject null hypothesis, researcher can deduce the variable are stationary and can used the variable to the next test.

3.5.2.2 Pearson Correlation

Refer to Rodgers and Nicewander (1988); Pearson Correlation is an analytical test to measure the strength and relationship of every single variable. Correlation test provides information on the relationship's strength and magnitude of IVs and DV. Cohen's rule of thumb was used to measure the strength of relationship between IVs and DV.

3.5.2.3 Multiple Linear Regression

According Higgins (2005), multiple linear regressions (MLR) are used to predict the value of one variable based on the value of a different variable. In other words, MLR were used to observe the contribution of predictor independent variables (T, EG, DE, NMS and IC) towards the variance of dependent variable (FDI). According to Parmjit et al. (2009), the findings of MLR which for prediction and estimation purposes; were presented in mathematical model.

In detail, model summary of MLR explains the R square and adjusted R square. R square explains how well the set of IV predicted the DV. ANOVA test shows the significance of test whether the IVs can be reliably predicted the DV. Thus, an ANOVA test is a way to find out the results of MLR is significant or not. The coefficients result shows the values of predictors in a test. Therefore, the standardized coefficients beta was used to develop the multiple regression equation models.

$$y = \alpha + b_1T + b_2DE + b_3EG + b_4NMS + b_5IC + e$$

Where:

y = FDI

a = regression constant

b_1 = standardized beta coefficient for technology

T = Technology

b_2 = standardized beta coefficient for domestic employment

DE = Domestic employment

b_3 = standardized beta coefficient for economic growth

EG= Economic growth

b_4 = standardized beta coefficient for new market size

NMS = New market size

b_5 = standardized beta coefficient for international competition

IC = International competition

e = random error

3.6 Operational Definition

These studies refer to two variables, independent variable and dependent variable. The IVs for this thesis are technologies, domestic employment, economic growth, new market size and international competition. The dependent variable refers to FDI.

3.6.1 Technology

According Mihaela Ioneci, Georgiana Mindreci (2010), technology and FDI in developing countries has potentially increase the labour knowledge and make competition advantage to host countries. In terms of process on product, through technologies, production can contribute to upgrade the local suppliers on side training, transfer of knowledge and technical assistance. At the same time, it may also contribute to increase the rate of adoption of new technologies by local industries, and the result of processes in imitation and competition. In terms of local employment, inward investors can generate new jobs directly, and automatically contribute to

raising skill levels, due to skill requirements may be higher than others domestic firms.

3.6.2 Domestic Employment

Piers Thompson and Wenyu Zang (2014), reported that domestic employment has brought two impacts on FDI in Malaysia. Competition impact refers to negative impact that foreign affiliates have upon to domestic business by increasing the competition for customer satisfaction and factor of production, especially to labour and cost of operation. Second is demand impact. Demand impact refers to additional of business opportunities which is FDI creates a both of directly through its demand for intermediate products and indirectly through the changes in production and managerial process. Piers Thompson and Wenyu Zang stated that some impacted by one model. The model is Occupational Choice model. Through this model, researcher gives two impacts of domestic employment on FDI in Malaysia. First impact of domestic employment on FDI in Malaysia is a positive impact. Domestic employment gives proper side to engage with entrepreneurial activities and more focus to skill of employment. Second, impact is under risk aversion.

3.6.3 Economic Growth

According Zafar Iqbal, Imran Masood, and M. Ramzan (2013) stated, economic growth defined to an increase in the capacity of an economy to produce goods and services. Economic growth can be measured in nominal or real base terms, and must be refer to the latter of which is adjusted for inflation or deflation situation. Mostly, aggregate of economic growth is measured in terms of gross national product (GNP)

or gross domestic product (GDP), although instruments of metrics are sometimes used.

3.6.4 New Market Size

New market size provides space to supplier, investor and the public to make profits on short and long term, if the public is interested to join the business with FDI. Market size is a normal market because there is no technology and worker support. According to Altenburg (2000), the new market size can encourage FDI. New market size can learn and offer good payment for goods and services and knowhow to the marketing and reduce cost. This in turn will create new market or FDI. According to Nadide (2014), new capital market can give positive impact to FDI. Capital market can create a new market size and increases the capacity of a product or service.

3.6.5 International Competition

Besides giving firm access beyond the borders of opportunities, FDI movements also make internationalize competition to host market. This scenario encourages firms to have more institutional structure in order to survive and to act according to consumer choices and customer satisfaction by adapting innovation process. According to Mori KogidJaratin, Rozilee, Dullah (2010) said that liberalization and globalization of financial markets and additional of global identity into production and competition and also takes the consumers beyond the borders. Hence, firms must consider not only the consumers in the host countries but also have to the consumers all over the world. Because of the international competition in developing countries can grow more based on the facilities and support FDI, technology skills and knowledge can

encourage industry to move up slowly. International competition is likely to bring changes on FDI.

3.7 Chapter Summary

To summarize, this study was a quantitative research in nature, which employed descriptive and inferential statistics. This study used secondary data which was obtained from three main organizations (DOSM, SSM and MysIDC). Descriptive test, root test, correlation test and multiple regressions were used to analyze the data. Last but not least, research framework presents the relationship between IVs and DV.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.0 Introduction

This chapter focuses more on the results of this study. In Chapter 3, analysis of the independent variable (IV) and dependent variable (DV) for this study have been discussed. IVs for this study are technology, domestic employment, economic growth, new market size and international competition. DV for this study is foreign direct investment or FDI. Descriptive analysis, Unit root test, Pearson correlation and multiple regression tests will be used to prove the relationship between IV and DV.

4.1 Findings And Discussion

As stated in the research objective, the aims of the discussion from the journal are to aid and improve the current literature review in relation to the impact of FDI on SME in Malaysia. The findings of the impact are discussed too.

Based on the journal, there are many impacts which include culture and ethics. As mentioned, this research focuses the impact of macroeconomic on FDI in Malaysia. The relationships of every IV and DV are further analyzed using Statistical Package for the Social Sciences (SPSS) software. In this chapter, focus is given on the impact of technology, domestic employment, economic growth, new market size and international competition on FDI as a DV using the correlation and regression tests.

4.1.1 Descriptive Statistics

Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries on the sample and the measures. Together with simple graphics analysis, they form the virtual basis of every quantitative analysis of data. Descriptive statistics can be distinguished from inferential statistics. Descriptive statistics simply describes what is or what the data shows.

Table 4.1
Descriptive analysis (n=60)

	T	DE	EG	NMS	IC	FDI
Mean	3532.1000	1141.1700	91402.5167	28278.1667	7157.7267	4978.7167
Std. Deviation	623.7229	95.0772	8617.7152	2376.9746	892.7939	1072.3933
Minimum	2482.00	970.00	71234.00	23175.00	5269.50	3341.00
Maximum	4568.00	1310.00	106878.00	32145.00	9332.10	7654.00

T=Technology
DE=Domestic Employment
EG=Economic Growth
NMS=New Market Size
IC=International Competition
FDI=Foreign Domestic Investment

Table 4.1 shows the descriptive analysis for each variable used in the study. Mean score for technology is 3532.1000 (sd=623.7229), domestic employment is 1141.1700 (sd=95.0772), economic growth is 91402.5167 (sd=8617.7152), new market size is 28278.1667 (sd=2376.9746), international competition is 7157.7267 (sd=892.7939) and foreign direct investment is 4978.7167 (sd=1072.3933). Based on this descriptive data, the highest mean score was shown by economic growth while the lowest mean score shown by domestic employment.

For the minimum score, the highest was shown by economic growth (71234.00) and the lowest minimum score shown by domestic employment. For the maximum score,

the highest score was shown by economic growth (106878.00) while the lowest was shown by domestic employment (1310.00)

4.1.2 Unit Root Test

In order to avoid spurious regression, researcher has to investigate the properties of the time series dealing with the data whether the variables are stationary or non-stationary in nature. The procedure used here is the Augmented Dickey Fuller (ADF).

Table 4.2
Unit Root Test: Technology

Source	Value	Standard error	t	Pr > |t|	Lower bound (95%)	Upper bound (95%)
Intercept	582.869	268.914	2.167	0.035	43.954	1121.785
Lagged Tech	-0.158	0.075	-2.105	0.040	-0.309	-0.008
Differenced Lagged Tech	-0.050	0.135	-0.373	0.711	-0.320	0.219

H_o: There is a unit root for the series

H_a: There is no unit root for the series

τ_{crit} = -1.663 > – 2.105 = τ, α =0.05,. Reject H_o

Hence, technology is stationary and can be used to run in multiple linear regressions.

Table 4.3
Unit Root Test: Domestic Employment

Source	Value	Standard error	t	Pr > |t|	Lower bound (95%)	Upper bound (95%)
Intercept	708.248	182.036	3.891	0.000	343.439	1073.057
Lagged Domestic Employment	-0.615	0.159	-3.864	0.000	-0.934	-0.296
Differenced Lagged Domestic Employment	-0.277	0.125	-2.219	0.031	-0.526	-0.027

Ho: There is a unit root for the series

Ha: There is no unit root for the series

τcrit = -1.663 > – 3.864 = τ, α =0.05, Reject Ho

Hence, domestic employment is stationary and can be used to run in multiple linear regressions.

Table 4.4
Unit Root Test: Economic Growth

Source	Value	Standard error	t	Pr > |t|	Lower bound (95%)	Upper bound (95%)
Intercept	9360.697	6446.617	1.452	0.152	-3558.613	22280.007
Lagged Economic Growth	-0.095	0.070	-1.355	0.181	-0.237	0.046
Differenced Lagged Growth	-0.439	0.122	-3.604	0.001	-0.684	-0.195

Ho: There is a unit root for the series

Ha : There is no unit root for the series

τcrit = -1.663 < – 1.355 = τ, α =0.05 Cannot Reject Ho

Hence, economic growth is non-stationary and can't be used to run in multiple linear regressions.

Table 4.5
Unit Root Test: New Market Size

Source	Value	Standard error	t	Pr > |t|	Lower bound (95%)	Upper bound (95%)
Intercept	7213.677	2879.422	2.505	0.015	1443.187	12984.167
Lagged New Market Size	-0.250	0.102	-2.460	0.017	-0.454	-0.046
Differenced Lagged New Market Size	-0.290	0.127	-2.278	0.027	-0.546	-0.035

Ho: There is a unit root for the series

Ha : There is no unit root for the series

τcrit = -1.663 > – 2.460 = τ, α =0.05, Reject Ho

Hence, new market size is stationary and can be used to run in multiple linear regressions.

Table 4.6
Unit Root Test: International competition

Source	Value	Standard error	t	Pr > |t|	Lower bound (95%)	Upper bound (95%)
Intercept	1928.425	832.348	2.317	0.024	260.362	3596.488
Lagged International Competition	-0.267	0.116	-2.305	0.025	-0.499	-0.035
Differenced Lagged International Competition	-0.358	0.126	-2.835	0.006	-0.611	-0.105

Ho: There is a unit root for the series

Ha: There is no unit root for the series

τcrit = -1.663 > – 2.305 = τ, α =0.05, Reject Ho

Hence, international competition is stationary and can be used to run in multiple linear regressions.

Table 4.7
Unit Root Test: FDI

Source	Value	Standard error	t	Pr > |t|	Lower bound (95%)	Upper bound (95%)
Intercept	2041.979	354.825	5.755	< 0.0001	1330.893	2753.065
Lagged FDI	-0.878	0.153	-5.756	< 0.0001	-1.184	-0.572
Differenced Lagged FDI	0.220	0.128	1.716	0.092	-0.037	0.478

Ho: There is a unit root for the series

Ha: There is no unit root for the series

τcrit = -1.663 > – 5.756 = τ, α =0.05, Reject Ho

Hence, foreign direct investment is stationary and can be used to run in multiple linear regressions.

As referred to Unit Root Test; IV (economic growth) is under non- stationery. Therefore in this study, researcher has decided to stop using the IV in further test. As a conclusion, the test has proved that technology, domestic employment, new market size and international competition factors are stationary with FDI as a DV.

4.1.3 Pearson Correlation

Table 4.2 shows the Pearson correlation matrix. Correlation matrix is used to measure the intensity of the relationship between the series.

Table 4.8
Pearson Correlation Matrix

	T	DE	NMS	IC	FDI
T	1				
DE	0.174	1			
NMS	0.25	.345**	1		
IC	0.13	0.092	.272*	1	
FDI	-.490**	-.318*	-.425**	0.166	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Based on Table 4.8, there is negative and moderate relationships between FDI, technology (r=-.490, p<.01), new market size (r=-.425, p<.01), and domestic employment (r=-.318, p<.05); and very weak relationship between FDI and international competition (r=.166, p>.05).

The factors namely, technology, domestic employment and new market size have shown the negative as well as moderate relationship between FDI.

Moderate relationship between technology and FDI is due to the technology transfer and productivity spill over to the entrepreneur which can make a new era of product. Xu (2000) reported technologies bring new influence and impact of economic to a host country and make a positive relationship with FDI. Through technology, it improves the quality of products plus save more time in producing it.

The results of correlation between domestic employment and FDI show .318 correlations and it is a negative and moderate relationship. The reason for this is because of the knowledge spill over associated with geographical proximity. Besides, they are affected by various operating factors simultaneously from both economic and geographical dimensions.

Similarity with technology, the new market size would influence under the negative and moderate aspect. This is because the new investment that is injected to local industry is too small. Refer to Sailesh Tanna (2015), who highlights that promotion and support from financial sector to local entrepreneurs in producing new goods and services can create better performance of the host industry.

International competition and FDI have shown a very weak relationship. It is because of the less support from private and government sectors. Refer to previous discussion in Chapter Two, Chen–Chang Lo (2013) states that international competition gives

weak impact on FDI but it still contributes to FDI as a DV. As referred to the correlation test, international competition shows 39.0% of significant level.

4.1.3 Multiple Linear Regression

Multiple linear regressions (MLR) test is used in the study to explain the relationship between variables in a mathematical model. The study attempts to measure the degree of correlation between the dependent variable (FDI) and independent variables (technology, domestic employment, economic growth, new market size and international competition), thereby establish the latter's predictive value. Table 4.4 shows the multiple regression report.

Table 4.9
Multiple Linear Regressions

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.678	.460	.421	816.121

ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31218650.088	4	7804662.522	11.718	.000
	Residual	36632960.096	55	666053.820		
	Total	67851610.183	59			

Table 4.9 indicates the value of R square and adjusted R square. The R-square is 0.460 and adjusted R square is 0.421. These figures were indicating that only 46.0% and 42.1% of the variance in FDI was predictable from the technology, domestic employment, new market size and international competition. The contribution of the predictor variables towards the variance in this study was reported based on the

adjusted R square value due to its value could give better estimation of the true population value.

Meanwhile, ANOVA test was performed to test the significance of the predictors toward DV. The result shows it was statistically significant with p<.01. It means that the predictor variables can be reliably predicted the DV. In other word, technology, domestic employment, new market size and international competition can be used to predict FDI.

Table 4.10
Table Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11188.698	1648.938		6.785	.000
	T	-.716	.177	-.417	-4.042	.000
	DE	-1.715	1.196	-.152	-1.434	.157
	NMS	-.162	.050	-.359	-3.230	.002
	IC	.399	.124	.332	3.218	.002

Table 4.10 presented the findings of multiple regressions. According to the findings, three out of five independent variables showed significant results. Based on the coefficient table, technology (b=-.417, t=-4.042, p<0.05), new market size (b=-.359, t=-3.230, p<0.05), international competition (b=.332, t=3.218, p>0.05) have significant impact on FDI. However, domestic employment (b=-.152, t=-1.434, p>0.05) have insignificant impact on FDI.

Thus, the final estimated regression model which can be used to estimate FDI based on the significant IV

$$FDI = 11188.698 + (-0.716T) + (-0.162NMS) + (-0.399IC) + e$$

Where:

y = FDI

a = regression constant

b_1 = standardized beta coefficient for technology

T = Technology

b_4 = standardized beta coefficient for new market size

NMS = New market size

b_5 = standardized beta coefficient for international competition

IC = International competition

e = random error

Based on the findings, there is a significant relationship between technology and FDI ($b=-0.716$, $t=-4.042$, $p<0.05$). This indicates that technology is one of the crucial factors in FDI. It is fair to say, the growth of FDI depends on technology factor. According to Tajul Ariffin Masron, Abdul Hadi Zulkafli and Haslindar Ibrahim (2012), a technology transfer is one of the impacts to FDI Malaysia. The government's support is a part of a conscious effort to upgrade the technological level of country's goods production and export structure. The impact of FDI is an advanced technology in our country because technology and transfer knowledge faster if compared to another variable. Technology and knowledge transfer increase the rate of adoption of new technologies by local industry. Knowledge transfer and technology contribute to raise skill level because the skill requirement may be higher than those required by domestic firm.

Based on the findings, there is an insignificant relationship between domestic employment and FDI (b=-1.715, t=-1.434, p>0.05). It indicates domestic employment is not one of the crucial factors towards the growth of FDI. The growth of FDI does not depend on domestic employment factor. Refer to Mohd Shahidan Shaari (2012), FDI and unemployment rate have a positive relationship. FDI helped reduce the unemployment rate. Same with Siew –Yong Yew (2010), human capital is significant with FDI. Analysis from other studies states the domestic employment as being on a positive side. Results indicate that market size and low level of labour cost are crucial to attracting investment. Moreover, the ability of Malaysia to develop and employ highly skilled talent is of critical importance in maintaining a long term competition.

The term 'demonstration effect' refers to technical level of host countries and skill of staff or other researchers. While competition effects refer to foreign firms that may force rival domestic firms to upgrade production techniques in order to remain competitive and productive. Although, many studies discussed about the significance of domestic employment with FDI, but in this study, analysis shows the FDI does not depend on domestic employment.

Based on the findings, there is a significant relationship between new market size and FDI (b=-1.62, t=-3.230, p<0.05). Nadide Sevil Tuluce and Ibrahim Dogan (2014) highlight market size as another impact of macroeconomic factors on FDI. The positive relationship between market size and economy has also helped increase product demand from customers. A positive spill over from new market size to FDI is possible because it provides a balance in the export and import between countries.

Based on the findings, there is a significant relationship between international competition and FDI (b=0.399, t=3.218, p>0.05). It indicates international competition is one of the crucial factors towards FDI. International competition has relationship with FDI, and significance level (0.002). A competitive advantage makes it better than any competition in customers' minds. The term was first applied to business, but it actually works for anyone, from employees to countries. Supravat Bagli and Manikal Adhikary (2014) investigate the impact of international competition on FDI in Malaysia as to gain the competitive advantage for the local and international industries. In view of the fact that open-trade government policy has been widely implemented in many developing countries, the empirical evidence documented in this study should be relevant to foreign industries too to create a new era in global economics.

4.2 Chapter Summary

From the above discussion, researcher deduced that the impact of macroeconomic factors on FDI in Malaysia is more preferable to technology, new market size and international competition. Domestic employment has maintained a relationship but not as strong as compared to other IVs. In conclusion, FDI does not depend on domestic employment but depends on other variables such as technology, new market size and international competition.

CHAPTER FIVE

RECOMMENDATION AND CONCLUSION

5.0 Introduction

This chapter presents the summary of the research work undertaken, the conclusions drawn, implication and limitation as well as the recommendations made as an outgrowth of this study. This study focuses on the impact of macroeconomic factors of foreign direct investment (FDI) in Malaysia.

5.1 Summary of Findings

Based on the research objective of the study, the data were analyzed using SPSS version 21.0. The data were drawn by using descriptive and inferential statistics, for instance descriptive analysis, Pearson's Correlation analysis and multiple regressions. To analyze the annual data for each variable, descriptive analysis was used to compute the mean score and standard deviation score. To explore the relationship between independent variables and dependent variable, inferential statistic such as Pearson's Correlation and multiple regressions were employed. The data obtained were displayed in the table format.

The second research objective was analyzed using unit root test. This test was used to find which independent variables would significantly contribute to the dependent variable. Out of five independent variable, four were identifies as contributing variables towards FDI and those four are used in this study, namely technology, domestic employment, new market size and international competition, while

economic growth was found did not contribute to dependent variable, thus it was removed in this study.

The last research objective was to determine the relationship between technology, domestic employment, new market size and international competition on FDI. The results marked the overall mean score of three types the IV were negative and moderate relationship to FDI. However, of these variables, the technology tends to be higher correlated to FDI. This situation was due to training and technology upgrading which can impact FDI in Malaysia. The result has also portrayed the relationship between overall mean score of international competition contribute the weakest correlated.

Further analysis using multiple regressions was carried out to examine the contribution of the variance on FDI. The results depicted that the four independent variables namely technology, domestic employment, new market size and international competition contributed 42.1% to the variance of FDI. Three predictors namely technology, international competition and new market size were found to be significant in their contribution to the variance of FDI. Out of these three significant variables, technology scored the highest beta coefficient.

5.2 Implication of the Study

Findings showed that there were negative relationship between IV and DV. Negative relationship means an increase in one variable is associated with a decrease in another variable. For instance, in this study, one of the negative relationships was found in the relationship between technology and FDI. This means, the advance in technology may

have no longer impacts on FDI. Instead, through technology, FDI increases the production capabilities of local firms. Besides, FDI provide and create a new product, especially to entrepreneur. With technology, all entrepreneurs are allowed to join in and create new product thus increase the middle group income. Beginning in 1980, Malaysia has participated in the open trade to market its goods, and Malaysia started to introduce new technology and machinery to FDI. But this time, other researchers could not confirm whether technology transfer and skill affect FDI in Malaysia.

However, this study also found a positive relationship between international competition and FDI. This means, an increase demand in the global competition, will also impact on FDI demands. Siew-Yong Yew (2010) states that macroeconomic still give positive impact to FDI in Malaysia. By doing that, competitive advantage increases the market potential. FDI fulfills the customer's demand and satisfaction. From then on, FDI is encouraged to try and produce good products.

5.3 Limitation

However, the limitation of this study persists. Articles and journals on the subject are quite difficult to find. Time constraint is another limitation to the researcher. The researcher suffers from the uncertainty of the secondary data provided. Researcher needs to find enough data about FDI in Malaysia from year 2012-2016. Researcher collects the data through the DOSM, SSM and Small Medium Enterprise Annual Report. To collect all the data, researcher must contact the DOSM and ask for their permission. This situation creates another set of limitations because the data is different from every single variable of this current study. Thus, researcher could not make a causal inference since she cannot rule out any alternate explanation.

Moreover, finding the secondary data remains to be scarce because of lack of previous studies. Previous research focuses more on the impact of macroeconomic on FDI in developed countries compared to developing countries like Malaysia. Some of researches have concentrated on too many years and this contributes to the difference in the results as compared to those of other researchers.

5.4 Recommendations

In this study, researcher is answer of the result and impact of macroeconomics factors on FDI in Malaysia. Based on the findings of the result, researcher stated a few of recommendation to ensure the confirmation of this study in the future.

5.4.1 Recommendation for Government

FDI has turned out to be important aspect in modernizing a national economy and promoting economic growth. To make sure it is so, government must support local industry try to develop new product exerting competitive pressure and forcing local firm to imitate and innovate.

In the meantime, the government support is important to new market size to develop the industry. Local entrepreneurs did not receive any information on promotion, project provided because of the area or location. Thus, extra attention is required for some local firms. In other words, government can organize one skilled program to improve the market and create competition to raise the capabilities of local industries.

Another recommendation from researcher is for the government to create the policy of continual price stability. Price stability can solve negative exchange rate and at the same time render support to the cost of labor and new market in the industry.

5.4.2 Recommendation for Future Researcher

Based on the findings, the study suggests for future research to study and analyze data in between 10 to 15 years. This period is sufficient to study because pro-longed time probably can cause error in data collection and change of economic expandability. Previous study has used more than 31 years, which the period was too long and change in global economic can cause inaccuracy.

Next, future research is suggested to use large sample size. According to Sherah Kurnia (2015), technology represent 31.1% gives a weak impact to FDI. Due this study, data collection from this study was too small but the analysis has indicated the existence of a relationship but the result was a weak correlation. Thus, future researcher is suggesting to do the comparison based data collection as to ensure its validity.

Finally, future research should focus more on the economic situation of a country, as one country is different from the other. It is quite impossible to collect data from various countries as they could have different level of economic activity. Sailesh Tanna(2009) has shown a weak relationship in has result due to huge number of data, collected in 75 countries from the First World countries to Third World countries , from the year 2000-2004. Too much data would be difficult to handle even though the period is within 4 years,

5.5 Conclusion

Private or public sector should do something to make sure the impact of macroeconomics factors on FDI in Malaysia on the right track. According Piers Thompson and Wenyu Zang (2014), government can restructure the labor force, transport and interaction between foreign influence sector and human capital to make sure the situation is under control and give the positive impact of FDI totally. For example, Japan labor force is well focused on the firm and employees are well-prepared to work with a large number of works and automatically can gain the competitive advantage with international competition.

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APPENDICES

Appendix A : Foreign Direct Investment (FDI) in Malaysia, by Sector

Kedudukan Pelaburan Langsung Asing di Malaysia mengikut Sektor / Foreign Direct Investment (FDI) in Malaysia, Position by Sector

					RM Juta */Million*	
	2011	**2012**	**2013**	**2014**	**2015**	**2016[r]**
Aktiviti Perkhidmatan						
Services Activities						
Perdagangan Borong dan Runcit	30,523	34,092	32,256	34,500	37,818	39,253
Wholesale and Retail Trade						
Maklumat dan Komunikasi	25,555	33,462	34,748	48,445	47,314	47,945
Information and Communication						
Aktiviti Kewangan dan Insurans/Takaful	81,384	87,344	94,824	101,110	110,262	111,258
Financial and Insurance /Takaful Activities						
Perkhidmatan Lain	19,671	24,138	32,420	35,794	42,488	41,232
Other services						
Jumlah	157,133	179,035	194,248	219,849	237,883	239,688
Total						

Sumber: Jabatan Perangkaan Malaysia dan Bank Negara Malaysia
Source: Department of Statistics Malaysia and Bank Negara Malaysia

Kedudukan Pelaburan Langsung Asing di Malaysia mengikut Sektor / Foreign Direct Investment (FDI) in Malaysia, Position by Sector

		RM Juta / Million				
Aktiviti Perkhidmatan		**2012**	**2013**	**2014**	**2015**	**2016**
Services Activities	*Januari / January*	2,678	2,980	4,500	4,568	4,432
Maklumat dan Komunikasi	*Febuari / Febuary*	2,800	2,890	4,170	4,109	3,987
Information and Communication	*Mac / March*	2,980	3,179	3,900	3,908	4,101
	April / April	2,590	2,789	4,007	3,999	4,129
	Mei / May	2,578	2,789	4,107	3,998	4,228
	Jun / June	2,768	2,980	4,180	4,189	3,880
	Julai / July	2,567	2,789	4,100	3,909	3,678
	Ogos / August	2,678	3,102	3,680	3,600	3,768
	September / September	2,978	2,678	3,988	3,052	4,300
	Oktober / October	2,879	2,800	3,813	3,801	3,658
	November / November	2,769	2,482	3,812	3,910	3,679
	Disember / December	3,197	3,290	4,200	4,271	4,105
		33,462	34,748	48,457	47,314	47,945

f : muktamad/*final.*
r : disemak/*revised.*

Sumber: Jabatan Perangkaan Malaysia dan Bank Negara Malaysia
Source: Department of Statistics Malaysia and Bank Negara Malaysia

Appendix B : Principal Statistics on Labour Force

GUNA TENAGA *EMPLOYMENT*	2012[r]	2013[r]	2014[r]	2015	2016
Jumlah Tenaga Buruh ('000)	13,221.7	13,980.5	14,263.6	14,518.0	14,667.8
Total Labour Force ('000)					
Bekerja ('000)	12,820.5	13,545.4	13,852.6	14,067.7	14,163.7
Employed ('000)					
Menganggur ('000)	401.2	435.1	411.1	450.3	504.1
Unemployed ('000)					
Kadar Pengangguran (%)	3.0	3.1	2.9	3.1	3.4
Unemployment Rate (%)					
Kadar Penyertaan Tenaga Buruh (%)	65.6	67.3	67.6	67.9	67.7
Labour Force Participation Rates (%)					

Anggaran Penduduk Pertengahan Tahun berasaskan data Banci Penduduk dan Perumahan Malaysia 2010 yang disesuaikan /
Mid-Year Population Estimates based on the adjusted Population and Housing Census of Malaysia 2010.

Perangkaan Utama bagi Tenaga Buruh
Principal Statistics on Labour Force

Perangkaan Utama	2012	2013	2014	2015	2016
Jumlah tenaga buruh ('000)	13,221.7	13,980.5	14,263.6	14,518.0	14,667.8
Total labour force ('000)					
Penduduk bekerja ('000)	12,820.5	13,545.4	13,852.6	14,067.7	14,163.7
Employed persons ('000)					
Januari / January	970.00	989.60	1,112.00	1,010.00	1,017.00
Febuari / Febuary	990.00	1,016.00	1,016.00	1,089.00	1,189.00
Mac / March	980.90	1,081.00	1,181.00	1,105.00	1,098.00
April / April	970.00	1,200.00	1,230.00	1,204.00	1,203.70
Mei / May	1,120.00	1,250.00	1,120.40	1,200.00	1,220.00
Jun / June	990.00	1,002.00	1,118.00	1,210.00	1,190.00
Julai / July	1,200.00	1,300.00	1,291.00	1,117.00	1,108.00
Ogos / August	1,208.00	1,100.00	1,107.00	1,300.00	1,309.00
September / September	1,100.00	1,221.60	1,221.00	1,298.00	1,200.00
Oktober / October	1,200.00	1,118.00	1,189.00	1,100.00	1,198.00
November / November	1,079.60	1,185.20	1,167.20	1,310.00	1,210.00
Disember / December	1,012.00	1,102.00	1,100.00	1,125.00	1,221.00
Kadar pengangguran (%)	3.0	3.1	2.9	3.1	3.4
Unemployment rate (%)					
Kadar penyertaan tenaga buruh (%)	65.6	67.3	67.6	67.9	67.7
Labour force participation rates (%)					
Kadar penyertaan tenaga buruh lelaki (%)	80.5	81.0	80.6	80.6	80.2
Labour force participation rates by male (%)					
Kadar penyertaan tenaga buruh perempuan (%)	49.5	52.6	53.7	54.1	54.3
Labour force participation rates by female (%)					

[r] **Statistik 2011-2014 dikemaskini berdasarkan anggaran penduduk semasa tahun berkenaan.**
The 2011-2014 statistics were updated based on the population estimates of the respective years

Punca: Penyiasatan Tenaga Buruh, Jabatan Perangkaan Malaysia
Source: Labour Force Survey, Department of Statistics, Malaysia

Appendix C : Gross domestic product

DATA PENTING – MALAYSIA (SAMB.)

KEY DATA – MALAYSIA (CONT'D.)

	2012	2013	2014	2015"	2016"
KELUARAN DALAM NEGERI KASAR (KDNK)/ PENDAPATAN NEGARA KASAR (PNK) / *GROSS DOMESTIC PRODUCT (GDP)/ GROSS NATIONAL INCOME (GNI)*					
KDNK pada Harga Semasa (RM Juta) / *GDP at Current Prices (RM Million)*	971,252	1,018,614	1,106,443	1,157,723	1,230,120
KDNK pada Harga Malar 2010 (RM Juta) / *GDP at Constant 2010 Prices (RM Million)*	912,261	955,080	1,012,449	1,063,355	1,108,227
Peratus Perubahan Tahunan KDNK pada Harga Malar 2010 (%) / *GDP Annual Percentage Changes at Constant 2010 Prices (%)*	5.5	4.7	6.0	5.0	4.2
PNK pada Harga Semasa (RM Juta) / *GNI at Current Prices (RM Million)*	935,410	984,639	1,069,819	1,125,611	1,195,480
PNK per kapita pada Harga Semasa (RM) / *Per capita GNI at Current Prices (RM)*	31,698	32,589	34,838	36,093	37,759

IMBANGAN PEMBAYARAN (RM Juta) / *BALANCE OF PAYMENTS (RM Million)*	2012	2013	2014	2015'	2016'
Akaun Semasa / *Current Account*	50,177	35,485	48,554	35,155	29,023
Akaun Modal / *Capital Account*	241	-15	344	-1,136	108
Akaun Kewangan / *Financial Account*	-23,014	-20,216	-79,954	-55,350	-1,126
Aset Rizab / *Reserve Assets*	-3,873	-14,649	36,507	-3,750	-14,779

KADAR PERTUKARAN / *EXCHANGE RATES*	**Purata bagi Tempoh**/*Average for Period*				
	2012	**2013**	**2014**	**2015**	**2016**
RM Bagi Seunit Mata Wang Asing: / *RM Per Unit of Foreign Currency:*					
Dolar A.S. / *U.S. Dollar*	3.0890	3.1510	3.2729	3.9055	4.1483
Euro / *Euro*	3.9715	4.1856	4.3489	4.3343	4.5882
Paun Sterling / *Pound Sterling*	4.8949	4.9303	5.3915	5.9736	5.6170
Dolar Singapura / *Singapore Dollar*	2.4720	2.5179	2.5827	2.8376	3.0018
RM Bagi 100 Unit Mata Wang Asing: / *RM Per 100 Units of Foreign Currency:*					
Yen Jepun / *Japanese Yen*	3.8720	3.2326	3.0976	3.2261	3.8209
Baht Thai / *Thai Baht*	9.9355	10.2546	10.0731	11.3892	11.7505
Peso Filipina / *Philippine Peso*	7.3162	7.4219	7.3702	8.5685	8.7308

DATA PENTING – MALAYSIA (SAMB.)

KEY DATA – MALAYSIA (CONT'D.)

KDNK pada Harga Semasa (RM Juta)

GDP at Current Prices (RM Million)

KELUARAN DALAM NEGERI KASAR (KDNK)/ PENDAPATAN NEGARA KASAR (PNK) / ***GROSS DOMESTIC PRODUCT (GDP)/ GROSS NATIONAL INCOME (GNI)*** / **Tempoh / Period**	2012	2013	2014	2015	2016
Januari / January	80,987.00	87,654.00	89,053.00	95,643.00	101,981.00
Febuari / Febuary	80,564.00	81,222.00	89,772.00	98,024.00	100,011.00
Mac / March	83,246.00	86,345.00	87,687.00	95,300.00	101,007.00
April / April	81,221.00	91,200.00	93,238.00	96,543.00	101,765.00
Mei / May	85,647.00	71,234.00	89,000.00	89,034.00	101,222.00
Jun / June	82,639.00	80,043.00	89,564.00	95,200.00	100,007.00
Julai / July	87,130.00	82,134.00	89,435.00	95,435.00	102,435.00
Ogos / August	86,538.00	86,072.00	99,054.00	99,222.00	101,543.00
September / September	85,432.00	87,654.00	98,373.00	99,073.00	106,878.00
Oktober / October	84,325.00	86,514.00	89,044.00	101,916.00	106,543.00
November / November	85,632.00	89,777.00	94,000.00	94,333.00	100,765.00
Disember / December	89,022.00	88,765.00	98,222.00	98,000.00	105,963.00
	1,012,383.00	1,018,614.00	1,106,443.00	1,157,723.00	1,230,120.00

Appendix D : Registration Of New Business

REGISTRATION OF NEW BUSINESS						
REGISTRATION OF NEW BUSINESS		JUMLAH				
		2012	**2013**	**2014**	**2015**	**2016**
	Januari / January	**23,512**	**25,152**	**25,897**	**29,874**	**30,142**
	Febuari / Febuary	**24,851**	**25,879**	**25,897**	**29,337**	**31,478**
	Mac / March	**27,125**	**26,952**	**24,258**	**31,005**	**30,145**
	April / April	**28,141**	**27,895**	**24,879**	**29,415**	**31,471**
	Mei / May	**25,354**	**28,978**	**23,175**	**29,745**	**29,124**
	Jun / June	**25,746**	**27,852**	**29,745**	**29,745**	**29,415**
	Julai / July	**26,587**	**29,584**	**23,414**	**30,145**	**28,994**
	Ogos / August	**29,582**	**28,128**	**24,578**	**31,425**	**30,125**
	September / September	**27,852**	**27,812**	**25,142**	**32,145**	**31,025**
	Oktober / October	**27,952**	**28,412**	**27,845**	**30,145**	**31,452**
	November / November	**29,936**	**28,394**	**28,758**	**30,124**	**32,014**
	Disember / December	**28,123**	**24,857**	**28,785**	**31,125**	**30,046**
		324,761	**329,895**	**312,373**	**364,230**	**365,431**
Sumber: Syarikat Suruhanjaya Malaysia , Annual Report 2014,2015,2016						

Appendix E : Imports, Exports, Total Trade and Balance of Trade

7.1: Import, Eksport, Jumlah Perdagangan dan Imbangan Perdagangan

Imports, Exports, Total Trade and Balance of Trade

Tempoh / Period	Import (c.i.f.) / Imports	Eksport (f.o.b.) / Exports	Jumlah perdagangan / Total trade	Imbangan perdagangan / Balance of trade
	RM Juta/ *Million*			
2011	573,626.3	697,861.9	1,271,488.3	124,235.6
2012	606,676.9	702,641.2	1,309,318.2	95,964.3
2013	648,694.9	719,992.4	1,368,687.3	71,297.5
2014	682,937.1	765,416.9	1,448,354.0	82,479.7
2015	685,778.4	777,355.1	1,463,133.5	91,576.6
2016	698,818.7	786,964.2	1,485,782.8	88,145.5

Nota/*Note*:

1. c.i.f - *Cost, insurance and freight.*

2. f.o.b - *free on board.*

Imbangan Perdagangan / Balance of Trade

Tempoh / Period	RM Juta/ *Million* 2012	2013	2014	2015	2016
Januari / January	6,789.00	5,789.10	6,578.00	7,413.00	6,830.50
Febuari / Febuary	6,890.00	6,432.00	6,897.00	7,423.00	7,965.00
Mac / March	7,765.00	6,500.10	6,122.00	7,654.00	7,631.00
April / April	7,122.00	6,212.10	8,100.00	7,543.00	7,019.00
Mei / May	7,770.10	6,129.00	6,891.10	7,623.00	7,029.00
Jun / June	6,788.10	5,269.50	6,543.00	7,486.00	7,610.00
Julai / July	9,087.00	5,786.00	6,800.00	7,600.00	7,054.00
Ogos / August	7,890.00	5,987.00	7,123.10	7,435.00	7,635.00
September / September	8,787.00	5,432.00	6,923.00	7,689.00	7,089.00
Oktober / October	8,874.00	5,987.00	6,782.00	7,345.00	6,890.00
November / November	8,870.00	5,666.30	6,599.40	8,072.30	7,712.00
Disember / December	9,332.10	6,107.40	7,121.10	8,293.30	7,681.00
	95,964.30	71,297.53	82,479.74	91,576.65	88,145.49

Appendix F : FDI Investment Income in Malaysia by Sector

Jadual 6 Pendapatan Pelaburan FDI di Malaysia mengikut Sektor
Table 6 FDI Investment Income in Malaysia by Sector

Jadual 6 Pendapatan Pelaburan FDI di Malaysia mengikut Sektor (samb.)
Table 6 FDI Investment Income in Malaysia by Sector (cont'd.)

RM Juta / *Million*

		Tahun/*Year* 2012			Tahun / *Year* 2013			2014			2015			Tahun / *Year* 2016[r]		
		Pendapatan ekuiti & dana pelaburan saham *Income on equity & investment fund shares*	**Faedah** *Interest*	**Jumlah** *Total*	**Pendapatan ekuiti & dana pelaburan saham** *Income on equity & investment fund shares*	**Faedah** *Interest*	**Jumlah** *Total*	**Pendapatan ekuiti & dana pelaburan saham** *Income on equity & investment fund shares*	**Faedah** *Interest*	**Jumlah** *Total*	**Pendapatan ekuiti & dana pelaburan saham** *Income on equity & investment fund shares*	**Faedah** *Interest*	**Jumlah** *Total*	**Pendapatan ekuiti & dana pelaburan saham** *Income on equity & investment fund shares*	**Faedah** *Interest*	**Jumlah** *Total*
1.	**Pertanian**	1,125	-	1,125	580	-	580	1,125	-	1,125	410	-	410	178	-	178
2.	**Perlombongan dan pengkuarian**	9,188	-	9,188	9,213	0	9,213	9,188	-	9,188	4,858	2	4,861	1,089	52	1,141
3.	**Pembuatan**	27,340	142	27,482	28,177	153	28,330	27,430	182	27,611	27,460	116	27,576	28,309	498	28,806
4.	**Pembinaan**	242	7	249	287	3	290	456	4	460	242	7	249	438	8	446
5.	**Perkhidmatan**	18,052	181	18,233	18,081	428	18,509	23,550	267	23,817	18,052	181	18,233	20,221	92	20,312
5.1	Utiliti	55	-	55	214	-	214	55	-	55	80	3	83	261	-	261
5.2	Perdagangan borong dan runcit, pembaikan kenderaan bermotor dan motorsikal	6,983	58	7,042	3,609	243	3,852	6,983	58	7,042	3,358	5	3,364	4,029	4	4,033
5.3	Pengangkutan dan penyimpanan	686	0	686	387	0	388	378	1	379	438	1	439	686	0	686
5.4	Penginapan dan aktiviti perkhidmatan	167	-	167	421	2	423	207	4	211	136	6	142	167	-	167
5.5	Maklumat dan komunikasi	1,601	1	1,601	3,830	-	3,830	2,805	0	2,805	2,199	-	2,199	1,601	1	1,601
5.6	Aktiviti kewangan dan insurans/ takaful	11,964	56	12,020	8,426	117	8,542	11,508	169	11,677	10,931	148	11,079	11,964	56	12,020
5.7	Aktiviti hartanah	684	26	710	572	29	601	474	9	484	334	12	346	684	26	710
5.8	Aktiviti profesional, saintifik dan teknikal	452	0	452	194	2	197	300	0	300	259	0	259	452	0	452
5.9	Perkhidmatan lain	839	24	864	427	34	461	839	24	864	317	5	322	377	5	383
JUMLAH		79,378	495	79,873	56,338	584	56,922	61,749	453	62,202	51,023	306	51,329	50,235	649	50,884

PENDAPATAN PELABURAN FDI DI MALAYSIA MENGIKUT SEKTOR
FDI INVESTMENT INCOME IN MALAYSIA BY SECTOR

RM Juta / *Million*

	Tahun / *Year* 2012		Tahun / *Year* 2013		2014		Tahun / *Year* 2015		2016[r]	
	Pendapatan ekuiti & dana pelaburan saham *Income on equity & investment fund shares*	**Jumlah** *Total*	**Pendapatan ekuiti & dana pelaburan saham** *Income on equity & investment fund shares*	**Jumlah** *Total*	**Pendapatan ekuiti & dana pelaburan saham** *Income on equity & investment fund shares*	**Jumlah** *Total*	**Pendapatan ekuiti & dana pelaburan saham** *Income on equity & investment fund shares*	**Jumlah** *Total*	**Pendapatan ekuiti & dana pelaburan saham** *Income on equity & investme*	**Jumlah** *Total*
Januari / January	**6,908**		**5,373**		**5,456**		**4,604**		**4,561**	
Febuari / Febuary	**7,654**		**4,345**		**4,567**		**4,355**		**4,502**	
Mac / March	**6,543**		**3,990**		**6,743**		**3,341**		**4,128**	
April / April	**5,432**		**5,214**		**3,674**		**3,378**		**3,988**	
Mei / May	**6,444**		**4,231**		**4,563**		**4,122**		**4,180**	
Jun / June	**6,754**		**4,569**		**6,756**		**3,498**		**4,462**	
Julai / July	**6,422**		**4,578**		**5,467**		**4,561**		**4,345**	
Ogos / August	**6,789**		**5,005**		**4,533**		**4,679**		**4,561**	
September / September	**7,110**		**4,321**		**4,524**		**4,890**		**4,312**	
Oktober / October	**6,990**		**4,678**		**5,411**		**4,123**		**3,567**	
November / November	**6,567**		**4,567**		**5,378**		**4,912**		**4,187**	
Disember / December	**5,765**		**5,467**		**4,677**		**4,560**		**3,442**	
Pendapatan ekuiti & dana pelaburan saham *Income on equity & investment fund shares*		**79,378**		**56,338**		**61,749**		**51,023**		**50,235**